



## Senate

General Assembly

**File No. 348**

January Session, 2005

Senate Bill No. 1084

*Senate, April 14, 2005*

The Committee on Planning and Development reported through SEN. COLEMAN of the 2nd Dist., Chairperson of the Committee on the part of the Senate, that the bill ought to pass.

### **AN ACT CONCERNING CERTAIN STATE REIMBURSED PROPERTY TAX RELIEF PROGRAMS.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 12-81g of the general statutes is repealed and the  
2 following is substituted in lieu thereof (*Effective from passage and*  
3 *applicable to assessment years commencing on or after October 1, 2005*):

4 (a) Effective for the assessment year commencing October 1, 1985,  
5 and each assessment year thereafter, any person entitled to an  
6 exemption from property tax in accordance with subdivision (19), (20),  
7 (21), (22), (23), (24), (25) or (26) of section 12-81, reflecting any increase  
8 made pursuant to the provisions of section 12-62g, shall be entitled to  
9 an additional exemption from such tax in an amount equal to twice the  
10 amount of the exemption provided for such person pursuant to any  
11 such subdivision, provided such person's qualifying income does not  
12 exceed the applicable maximum amount as provided under section  
13 12-81l, except that if such person has a disability rating of one hundred  
14 per cent as determined by the Veterans' Administration of the United  
15 States, the total of such adjusted gross income, individually, if

16 unmarried, or jointly, if married, in the calendar year ending  
17 immediately preceding the assessment date with respect to which such  
18 additional exemption is allowed, is not more than twenty-one  
19 thousand dollars if such person is married or not more than eighteen  
20 thousand dollars if such person is not married. Any claimant who, for  
21 the purpose of obtaining an exemption under this section, wilfully fails  
22 to disclose all matters related thereto or with intent to defraud makes  
23 any false statement shall forfeit the right to claim such additional  
24 veteran's exemption.

25 (b) Effective for the assessment year commencing October 1, 1986,  
26 and each assessment year thereafter, any person entitled to an  
27 exemption from property tax in accordance with subdivision (19), (20),  
28 (21), (22), (23), (24), (25) or (26) of section 12-81, reflecting any increase  
29 made pursuant to the provisions of section 12-62g, and who is not  
30 receiving or is not eligible to receive the additional exemption under  
31 subsection (a) of this section, shall be entitled to an additional  
32 exemption from such tax in an amount equal to one-half of the amount  
33 of the exemption provided for such person pursuant to any such  
34 subdivision.

35 (c) The state shall reimburse each town, city, borough, consolidated  
36 town and city and consolidated town and borough by the last day of  
37 each calendar year in which exemptions were granted to the extent of  
38 the revenue loss represented by the additional exemptions provided  
39 for in subsection (a) of this section. The Secretary of the Office of Policy  
40 and Management shall review each claim for such revenue loss as  
41 provided in section 12-120b. Any claimant aggrieved by the results of  
42 the secretary's review shall have the rights of appeal as set forth in  
43 section 12-120b. In the fiscal year commencing July 1, 2003, and in each  
44 fiscal year thereafter, the amount payable to each municipality in  
45 accordance with this section shall be reduced proportionately in the  
46 event that the total amount payable to all municipalities exceeds the  
47 amount appropriated.

48 (d) The Secretary of the Office of Policy and Management shall

49 adopt regulations, in accordance with the provisions of chapter 54,  
50 establishing: (1) [A procedure] Separate procedures under which (A) a  
51 municipality shall determine eligibility for the additional exemption  
52 under subsection (a) of this section, provided such procedure shall  
53 include a provision that when an applicant has filed for such  
54 exemption and received approval for the first time, such applicant  
55 shall be required to file for such exemption biennially thereafter,  
56 subject to the provisions of subsection (e) of this section; [(2)] (B) a  
57 person shall apply to the secretary for an extension of the application  
58 period in the case of an extenuating circumstance due to illness or  
59 incapacitation, or for other good cause as the secretary may determine,  
60 including provisions for the granting of an extension by the secretary;  
61 (2) the manner in which a municipality shall apply for reimbursement  
62 from the state for the revenue loss represented by the additional  
63 exemptions provided for in subsections (a) and (b) of this section,  
64 which (A) shall require, for each person for whom reimbursement is  
65 requested, information regarding the provision of section 12-81 that  
66 qualifies such person for an exemption and the amount of the  
67 exemption granted to such person under said provision, and (B) shall  
68 provide a penalty for late filing of such application for reimbursement  
69 of two hundred fifty dollars [but shall also provide] and shall include  
70 provisions that the secretary may waive such forfeiture in accordance  
71 with procedures and standards contained in such regulations; and (3)  
72 the manner in which the Office of Policy and Management may audit  
73 and make adjustments to applications for reimbursement from  
74 municipalities for a period of not more than one year next succeeding  
75 the deadline for such application.

76 (e) Any person who has submitted application and been approved  
77 in any year for the additional exemption under subsection (a) of this  
78 section shall, in the year immediately following approval, be presumed  
79 to be qualified for such exemption. If, in the year immediately  
80 following approval, such person has qualifying income in excess of the  
81 maximum allowed under said subsection (a), such person shall notify  
82 the tax assessor in the town allowing the additional exemption on or  
83 before the next filing date for such exemption and shall be denied such

84 exemption for the assessment year immediately following and for any  
85 subsequent year until such person has reapplied and again qualified  
86 for such exemption. Any person who fails to notify the tax assessor of  
87 such disqualification shall make payment to the town in the amount of  
88 property tax loss related to the exemption improperly taken. Not more  
89 than thirty days after discovering such person's ineligibility for the  
90 exemption, the assessor shall send written notification of such person's  
91 identity to the Secretary of the Office of Policy and Management. If any  
92 payment was remitted under subsection (c) of this section with respect  
93 to a period for which such person was not eligible for the exemption,  
94 the amount of the next payment made to the town shall be reduced by  
95 the amount of payment made erroneously.

96 (f) Notwithstanding the provisions of subsection (a) of this section,  
97 the Social Security income of the spouse of a person making  
98 application for exemption from property tax under subsection (a) of  
99 this section shall not be included in the qualifying income of such  
100 person, for purposes of determining eligibility for said exemption, if  
101 such spouse is a resident of a health care or nursing home facility in  
102 this state receiving payment related to such spouse under the Title XIX  
103 Medicaid program.

104 Sec. 2. Section 12-94b of the general statutes is repealed and the  
105 following is substituted in lieu thereof (*Effective from passage and*  
106 *applicable to assessment years commencing on or after October 1, 2005*):

107 On or before March fifteenth, annually, commencing March 15,  
108 1998, the assessor or board of assessors of each municipality shall  
109 certify to the Secretary of the Office of Policy and Management, on a  
110 form furnished by said secretary, the amount of exemptions approved  
111 under the provisions of subdivisions (72) and (74) of section 12-81,  
112 together with such supporting information as said secretary may  
113 require including the number of taxpayers with approved claims  
114 under said subdivisions (72) and (74) and the original copy of the  
115 applications filed by them. Said secretary shall review each such claim  
116 as provided in section 12-120b. On or after March 1, 2006, any

117 municipality that neglects to transmit to the secretary the amount of  
118 exemptions so approved shall forfeit two hundred fifty dollars to the  
119 state, except that said secretary may waive such forfeiture in  
120 accordance with procedures and standards adopted by regulation in  
121 accordance with chapter 54. Not later than December [first] fifteenth  
122 next succeeding the conclusion of the assessment year for which the  
123 assessor approved such exemption, the secretary shall notify each  
124 claimant of the modification or denial of the claimant's exemption, in  
125 accordance with the procedure set forth in section 12-120b. Any  
126 claimant aggrieved by the results of the secretary's review shall have  
127 the rights of appeal as set forth in section 12-120b. With respect to  
128 property first approved for exemption under the provisions of  
129 subdivisions (72) and (74) of section 12-81 for the assessment years  
130 commencing on or after October 1, 2000, the grant payable for such  
131 property to any municipality under the provisions of this section shall  
132 be equal to eighty per cent of the property taxes which, except for the  
133 exemption under the provisions of subdivisions (72) and (74) of section  
134 12-81, would have been paid. The secretary shall, on or before  
135 December fifteenth, annually, certify to the Comptroller the amount  
136 due each municipality under the provisions of this section, including  
137 any modification of such claim made prior to December [first]  
138 fifteenth, and the Comptroller shall draw an order on the Treasurer on  
139 or before the twenty-fourth day of December following and the  
140 Treasurer shall pay the amount thereof to such municipality on or  
141 before the thirty-first day of December following. If any modification is  
142 made as the result of the provisions of this section on or after the  
143 December fifteenth following the date on which the assessor has  
144 provided the amount of the exemption in question, any adjustments to  
145 the amount due to any municipality for the period for which such  
146 modification was made shall be made in the next payment the  
147 Treasurer shall make to such municipality pursuant to this section. The  
148 amount of the grant payable to each municipality in any year in  
149 accordance with this section shall be reduced proportionately in the  
150 event that the total of such grants in such year exceeds the amount  
151 appropriated for the purposes of this section with respect to such year.

152 As used in this section, "municipality" means each town, city, borough,  
153 consolidated town and city and consolidated town and borough and  
154 each district, as defined in section 7-324, and "next succeeding" means  
155 the second such date.

156 Sec. 3. Subsection (g) of section 12-170aa of the general statutes is  
157 repealed and the following is substituted in lieu thereof (*Effective July*  
158 *1, 2005*):

159 (g) On or before July first, annually, each municipality shall submit  
160 to the secretary, a claim for the tax reductions approved under this  
161 section in relation to the assessment list of October first immediately  
162 preceding. On or after December 1, 1987, any municipality which  
163 neglects to transmit to the secretary the claim as required by this  
164 section shall forfeit two hundred fifty dollars to the state provided the  
165 secretary may waive such forfeiture in accordance with procedures  
166 and standards established by regulations adopted in accordance with  
167 chapter 54. Subject to procedures for review and approval of such data  
168 pursuant to section 12-120b, said secretary shall, on or before  
169 December first next following, certify to the Comptroller the total  
170 amount [due each municipality] payable to all municipalities as  
171 reimbursement for loss of property tax revenue related to the tax  
172 reductions allowed under this section. The Comptroller shall draw an  
173 order on the Treasurer on or before the fifteenth day of December and  
174 the Treasurer shall pay the amount due each municipality not later  
175 than the thirty-first day of December. Any claimant aggrieved by the  
176 results of the secretary's review shall have the rights of appeal as set  
177 forth in section 12-120b. The amount of the grant payable to each  
178 municipality in any year in accordance with this section shall be  
179 reduced proportionately in the event that the total of such grants in  
180 such year exceeds the amount appropriated for the purposes of this  
181 section with respect to such year.

182 Sec. 4. Subsection (j) of section 12-170aa of the general statutes is  
183 repealed and the following is substituted in lieu thereof (*Effective July*  
184 *1, 2005*):

185 (j) (1) Notwithstanding the intent in subsections (a) to (i), inclusive,  
186 of this section to provide for benefits in the form of property tax  
187 reduction applicable to persons liable for payment of such property tax  
188 and qualified in accordance with requirements related to age and  
189 income as provided in subsection (b) of this section, a certain annual  
190 benefit, determined in amount under the provisions of subsections (c)  
191 and (d) of this section but payable in a manner as prescribed in this  
192 subsection, shall be provided with respect to any person who (A) is  
193 qualified in accordance with said requirements related to age and  
194 income as provided in subsection (b) of this section, including  
195 provisions concerning such person's spouse, and (B) is a resident of a  
196 dwelling unit within a multiple-dwelling complex containing dwelling  
197 units for occupancy by certain elderly persons under terms of a  
198 contract between such resident and the owner of such complex, in  
199 accordance with which contract such resident occupies a certain  
200 dwelling unit subject to the express provision that such resident has no  
201 legal title, interest or leasehold estate in the real or personal property  
202 of such complex, and under the terms of which contract such resident  
203 agrees to pay the owner of the complex a fee, as a condition precedent  
204 to occupancy and a monthly or other such periodic fee thereafter as a  
205 condition of continued occupancy. In no event shall any such resident  
206 be qualified for benefits payable in accordance with this subsection if,  
207 as determined by the assessor in the municipality in which such  
208 complex is situated, such resident's contract with the owner of such  
209 complex, or occupancy by such resident [(1)] (i) confers upon such  
210 resident any ownership interest in the dwelling unit occupied or in  
211 such complex, or [(2)] (ii) establishes a contract of lease of any type for  
212 the dwelling unit occupied by such resident.

213 (2) The amount of annual benefit payable in accordance with this  
214 subsection to any such resident, qualified as provided in subdivision  
215 (1) of this subsection, shall be determined in relation to an assumed  
216 amount of property tax liability applicable to the assessed value for the  
217 dwelling unit which such resident occupies, as determined by the  
218 assessor in the municipality in which such complex is situated.  
219 Annually, not later than the first day of June, the assessor in such

220 municipality, upon receipt of an application for such benefit submitted  
221 in accordance with this subsection by any such resident, shall  
222 determine, with respect to the assessment list in such municipality for  
223 the assessment year commencing October first immediately preceding,  
224 the portion of the assessed value of the entire complex, as included in  
225 such assessment list, attributable to the dwelling unit occupied by such  
226 resident. The assumed property tax liability for purposes of this  
227 subsection shall be the product of such assessed value and the mill rate  
228 in such municipality as determined for purposes of property tax  
229 imposed on said assessment list for the assessment year commencing  
230 October first immediately preceding. The amount of benefit to which  
231 such resident shall be entitled for such assessment year shall be  
232 equivalent to the amount of tax reduction for which such resident  
233 would qualify, considering such assumed property tax liability to be  
234 the actual property tax applicable to such resident's dwelling unit and  
235 such resident as liable for the payment of such tax, in accordance with  
236 the schedule of qualifying income and tax reduction as provided in  
237 subsection (c) of this section, subject to provisions concerning  
238 maximum allowable benefit for any assessment year under subsections  
239 (c) and (d) of this section. The amount of benefit as determined for  
240 such resident in respect to any assessment year shall be payable by the  
241 state as a grant to such resident equivalent to the amount of property  
242 tax reduction to which such resident would be entitled under  
243 subsections (a) to (i), inclusive, of this section if such resident were the  
244 owner of such dwelling unit and qualified for tax reduction benefits  
245 under said subsections (a) to (i), inclusive.

246 (3) Any such resident entitled to a grant as provided in subdivision  
247 (2) of this subsection shall be required to submit application for such  
248 grant to the assessor in the municipality in which such resident resides  
249 at any time from February first to and including the fifteenth day of  
250 May in the year in which such grant is claimed, on a form prescribed  
251 and furnished for such purpose by the Secretary of the Office of Policy  
252 and Management. Any such resident submitting application for such  
253 grant shall be required to present to the assessor, in substantiation of  
254 such application, a copy of such resident's federal income tax return,



255 and if not required to file a federal income tax return, such other  
 256 evidence of qualifying income, receipts for money received or  
 257 cancelled checks, or copies thereof, and any other evidence the  
 258 assessor may require. Not later than the first day of July in such year  
 259 the assessor shall submit to the Secretary of the Office of Policy and  
 260 Management (A) a copy of the application prepared by such resident,  
 261 together with such resident's federal income tax return, if required to  
 262 file such a return, and any other information submitted in relation  
 263 thereto, (B) determinations of the assessor concerning the assessed  
 264 value of the dwelling unit in such complex occupied by such resident,  
 265 and (C) the amount of such grant approved by the assessor. Said  
 266 secretary, upon approving such grant, shall [certify the amount thereof  
 267 and not later than the first day of September immediately following  
 268 submit approval for payment of such grant] include the amount  
 269 payable in the certification made pursuant to subsection (g) of this  
 270 section, as amended by this act, to the State Comptroller. [Not later  
 271 than fifteen days immediately following receipt of such approval for  
 272 payment, the State Comptroller shall draw his order upon the State  
 273 Treasurer and the Treasurer shall pay the amount of the grant to such  
 274 resident not later than the first day of October immediately following.]

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage and applicable to assessment years commencing on or after October 1, 2005</i>	12-81g
Sec. 2	<i>from passage and applicable to assessment years commencing on or after October 1, 2005</i>	12-94b
Sec. 3	<i>July 1, 2005</i>	12-170aa(g)
Sec. 4	<i>July 1, 2005</i>	12-170aa(j)

**PD**      *Joint Favorable*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

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***OFA Fiscal Note***

***State Impact:*** None

***Municipal Impact:*** None

**OLR Bill Analysis**

SB 1084

**AN ACT CONCERNING CERTAIN STATE REIMBURSED  
PROPERTY TAX RELIEF PROGRAMS****SUMMARY:**

This bill excludes Social Security income of a person's spouse in determining eligibility for the additional veterans' property tax exemption program, if the spouse resides in a Connecticut health care or nursing home facility that receives Medicaid payments related to the spouse (e.g., Medicaid pays for the spouse's nursing home care). It requires the secretary of the Office of Policy and Management (OPM) to adopt additional regulations regarding application extensions for this program.

The bill subjects municipalities to a \$250 fine starting March 1, 2006, if they fail to file with OPM the amount of approved tax exemptions for new machinery and equipment and commercial motor vehicles. It allows OPM to waive the fine in accordance with standards and procedures it adopts by regulation. The bill gives OPM until December 15, rather than December 1, to notify each claimant for the tax exemption if his claim has been modified or rejected. It makes a corresponding change to OPM's certification to the comptroller.

It revises payment certification procedures for the circuit breaker program.

EFFECTIVE DATE: July 1, 2005 for the changes to the circuit breaker program, upon passage and applicable to assessment years starting on or after October 1, 2005 for the other provisions.

**OPM REGULATIONS ON THE ADDITIONAL PROPERTY TAX  
EXEMPTION PROGRAM**

By law, veterans and members of their families who are eligible for certain property tax exemptions are eligible for an additional exemption equal to 50% or 200% of the basic benefit, depending on their income and the veteran's disability rating. The state reimburses municipalities for the taxes they lose due to this exemption.

The bill requires OPM to adopt regulations establishing procedures:

1. by which a person can apply to the OPM secretary for an extension of the application period due to illness, incapacity, or other extenuating circumstances as the secretary determines and
2. under which the secretary can grant such extensions.

By law, OPM also must adopt regulations prescribing how municipalities can seek state reimbursement for the tax revenue they lose as a result of the exemptions. Under the bill, the regulations must require municipalities to provide, for each person for whom reimbursement is requested, information as to which specific tax exemption the reimbursement is sought and the amount of exemption granted to the person.

### **CIRCUIT BREAKER PROGRAM**

By law, the circuit breaker program provides a property tax credit for property owners age 65 and over or who are totally disabled and whose annual incomes do not exceed certain limits. The state reimburses municipalities for the tax revenue they lose under this provision. The bill requires OPM to certify to the comptroller the total amount payable to all municipalities, rather than the amount payable to each municipality. By law, OPM must make its certification by December 1, the comptroller must submit her order on the treasurer by December 15, and the treasurer must pay the municipalities by December 31.

The program also provides grants to certain elderly renters who meet its income limits. The bill eliminates requirements that (1) OPM certify the amount of the grants and submit its approval of the grants to the comptroller by September 1, (2) the comptroller draw her order on the treasurer within 15 days of receiving the report, and (3) the treasurer pay the grant to the recipient by October 1. The bill instead requires OPM to submit the grant amount in the certification it submits for the tax credits.

### **COMMITTEE ACTION**

## Planning and Development Committee

Joint Favorable Report

Yea 18      Nay 0